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## **1. Purchasing Operations**

### **1.1 Overview**

The purpose of this manual is to establish uniform policies and procedures that can be referenced by City departments when the need to purchase goods and/or services is required.

The information provided is not to restrict the effectiveness of the individuals involved in the day to day activities related to the purchasing of goods and services, but to provide a foundation for effective, consistent and fair purchasing practices and help ensure compliance with purchasing laws, regulations and procedures.

Departments are strongly encouraged to utilize this manual as needed and it is intended to be used as a guide and resource.

### **1.2 Responsibilities of Purchasing**

Purchasing is delegated the responsibility to:

- Ensure adherence to all purchasing laws, regulations and procedures.
- Provide goods and services at the lowest price, consistent with quality and performance requirements, from capable vendors and/or service providers.
- Obtain maximum savings using value added techniques.
- Administer the purchasing and contracting functions with internal efficiency.

## **2 Purchasing Methods**

### **2.1 Overview**

Purchasing methods are the procedures used by the purchasing entity to acquire goods and services. These methods can be competitive or non-competitive. The type of purchasing method is typically determined by various factors including, but not limited to: federal, state or local regulations, monetary thresholds, and/or the type of purchase that is being made.

### **2.2 Micro (Small Purchases)**

Purchase of materials, supplies or equipment less than \$2,500. The material, supply or equipment must be a commercial product or service priced and sold in substantial quantities to the general public. There is no requirement for competition, and cost reasonableness will be determined by the Director of Finance based on experience with similar or like transactions.

This type of purchasing is conducted by the submission of a purchase requisition by the requesting department and the issuance of a purchase order (PO) by the Department of Finance.



### 2.3 Quotes

Quotes are required for the following types of purchases based on estimated cost of the purchase:

1. Materials, Supplies & Equipment - \$2,500 to \$29,999
2. Professional Services – \$0-\$20,000.00 in annual value in accordance with Article VI – Professional Service Contracts in the City of Covington Code of Ordinances
3. Non-professional services - \$2,500 - \$29,999
4. Public Works Projects – Any amount up to \$249,999

There is a requirement for competition and every effort will be made to obtain at least three (3) written, emailed, or faxed quotes. Quotes can be directly solicited and/or publicly advertised.

In order to ensure consistency in obtaining quotes, requesting departments shall provide written specifications to the Purchasing Agent for use when vendors are solicited for quotes.

The lowest responsible and responsive quote shall be awarded.

### 2.4 Bids

The purpose and intention of a bid is to obtain goods and services at the lowest prices by stimulating competition and by preventing favoritism. Bids are required for:

1. Materials, supplies and equipment \$30,000 greater than or equal to
2. Public works projects \$250,000 greater than or equal to

Bids require advertising in the official journal to ensure adequate competition. Advertising in other larger circulation newspapers or venues may be suggested and/or required. All specifications, performance requirements, and contract terms must be included in the bid solicitation documents.

Bids shall be submitted in a sealed envelope and are then publicly opened and read aloud on the appointed day and time as stated in the advertisement. The lowest responsive and responsible bidder who best meets all requirements shall be awarded the bid.

### 2.5 Request for Proposals / Request for Qualifications

#### *Request for Proposals*

The Request for Proposals (RFP) method of purchasing can be used for highly technical equipment or complex services. However, this purchasing method can also be used for a wide variety of services. Some examples include, but are not limited to: consulting services, feasibility studies, construction management services, maintenance/repair services, software programming, computer mainframes, scientific/research equipment, etc. RFPs cannot be used for purchasing of Architectural and Engineering (A&E) design services.

Evaluation criteria must be established and included in the RFP. Evaluation criteria includes “price” as one criterion. In addition, RFPs state that rates are subject to negotiation. If an agreement cannot be negotiated with the top ranked firm, negotiations will begin with the next ranked firm.

All professional services, essential services and most A&E non-design services should use the RFP method of solicitation for all services that exceed the price thresholds outlined in Section 2.3, with price as an evaluation criterion.



The RFP process will follow the steps below.

- 1 After the RFP has been opened, an evaluation team will rate each of the proposals according to the written criteria and rank the proposals according the firm's ability to meet or exceed those criteria.
- 2 Purchasing makes a recommendation for award to the Chief Administrative Officer (CAO) based on the overall rankings by the evaluation team. The evaluation scoring sheets and score tabulation sheet shall be provided to the CAO along with the Director's recommendation. Purchasing shall also identify factors, terms or rates which should be negotiated. If the top ranked firm is not recommended or selected, a written explanation shall be provided to the CAO and kept in the purchasing file.
- 3 The CAO will provide a recommendation to the Mayor, and upon the Mayor's approval, Purchasing will begin contract negotiations.

#### *Request for Qualifications*

The Request for Qualifications (RFQ) method of purchasing must be used for A&E design services. Under the RFQ method, the selection is made on the basis of competence and qualifications for a fair and reasonable price. Contract rates for RFQ selections shall be established by negotiation.

Evaluation criteria are established and included in the RFQ for all services that exceed the price thresholds outlined in Section 2.3. Evaluation criteria cannot include price as a factor in an RFQ.

1. After the RFQ has been opened, an evaluation team will rate each of the responses according to the written criteria and rank the responses according to the firm's ability to meet or exceed those criteria.
2. Purchasing makes a recommendation to the CAO based on the overall rankings of the evaluation team. The evaluation scoring sheets and score tabulation sheet shall be provided to the CAO along with purchasing's recommendation. Purchasing shall also identify factors, terms or rates which should be negotiated if deemed necessary. If the top ranked firm is not recommended or selected, a written explanation shall be provided to the CAO and kept in the purchasing File.
3. The CAO will provide a recommendation to the Mayor, and upon the Mayor's approval, Purchasing will begin contract negotiations, if deemed necessary by the requesting department.

#### *RFP vs. RFQ*

The table below will define when the use a RFP and when to use a RFQ.

<i>Type of Service</i>	<i>RFP</i>	<i>RFQ</i>
Non-Professional/Essential Services	•	
Professional Services (A&E design services) – Design, conceptual designs, plans & specifications for bidding documents		•
Professional Services (A&E non-design services) - Studies, investigations, surveying and mapping, testing, evaluations, consultations, comprehensive planning, program management, construction phase services, soils engineering, drawing reviews, preparation of operating and maintenance manuals, other related services	•	



## 2.6 Piggy Back

A piggy back purchase is one where the City purchases goods using another public entity's contract prices. The City is required to obtain documentation from the other public entity that clearly demonstrates the contract was secured properly and is a viable contract. The price paid by the public entity must be the same as the contract's price. Piggy back purchases can only be used for materials, supplies, and equipment.

Departments are able to use a piggy back contract by initiating the request through the Purchasing Agent and must intend to acquire goods with the same specifications (make, model, color, size, etc.):

Purchasing will:

1. Obtain written authorization from the public entity to use its contract (when applicable);
2. Obtain documentation that the other entity's contract was properly procured (ex. copy of the public entity's contract, copy of the bidding documents, etc.);
3. Notify the requesting department to submit a purchase requisition; and
4. Generate a PO and place the order with the vendor/service provider awarded the public entity's contract on which the City intends to piggy back.

## 2.7 Sole Source Purchasing

Sole source purchasing are those purchasing where two or more offers or quotes are not obtained due to: lack of response to adequate advertising, lack of qualified firms to provide the good or service, or the necessity of having the original equipment manufacturer perform the work (equipment repairs and maintenance).

Sole source purchasing require a "Sole Source Justification" narrative which explains the conditions and/or circumstances leading to the sole source purchasing and shall be kept on file with Purchasing. Sole Source Justification shall be prepared by the requesting department and provide (at a minimum) the following information:

1. The efforts taken by the City to attract more than one vendor (i.e. number of times advertised and publication name, number of vendors directly solicited, etc.);
2. The need for the original equipment manufacturer to perform the work or provide the good/supply/part;
3. The original price offered;
4. Cost analysis of the elements of cost: direct costs, overhead costs, and profit, if applicable; and
5. Negotiation procedures conducted and results of negotiation, if applicable.

## 2.8 Emergency Purchases

Emergency is defined as unforeseen mischance bringing with it destruction, damage, or injury to public health, safety, or welfare or the imminent threat of such destruction or injury; or as a result of an order from the Mayor, CAO, or Director of Finance.

There are two types of emergencies under Public Bid Law: emergency or extreme emergency for both public works, including labor and materials, and for purchases of materials or supplies. In the event of an emergency or extreme emergency, the Public Bid Law may be waived provided that notice was given to the public by publishing in the official journal within 10 days of declaring such public emergency or as soon as practicable thereafter.

Every effort shall be made to follow all purchasing procedures including using Purchase Orders (POs) for all purchasing when feasible. The emergency purchasing shall be limited only to those supplies, materials, equipment, and services, or major repairs necessary to meet the emergency.



- Before a purchase is deemed an emergency the attached Emergency Purchase Form **must** be completed and signed by the department head and by two of the following people, Mayor, Chief Administrative Officer, or Director of Finance.

### 3. Requisitions and Purchase Orders

#### 3.1 Requisitions

A requisition serves to inform Purchasing of the needs of a specific requesting department and to correctly define the material or service requested. The requisition is not an order, merely the request for the Purchasing Agent to purchase the item(s) or service(s) in accordance with policies and procedures.

Departments shall submit a properly prepared purchase requisition into Munis with an attached quote of the item or service needed. All attached quotes should have an item/part number (if applicable), quantity, description, and an authorized signature. Purchasing will determine how to proceed following Public Bid Law.

- All requisitions **must be** itemized with the vendor's item number and description, with exception to construction projects or prior authorization from the Director of Finance.

#### *Requisition Approvals/Authorization*

Properly authorized requisitions must be received and processed by Purchasing before a PO will be issued. All requisitions must be signed by the department head or designee.

In accordance with Public Bid Law, purchase requisitions may not be "divided" or "broken-up" in order to circumvent monetary thresholds established by Public Bid Law or the purchasing requirements established herein.

All requisitions shall be reviewed by purchasing for compliance with the adopted capitalization policies of the City. Purchasing approval shall occur prior to the PO being issued.

#### 3.2 Purchase Orders

The purchase order (PO) is a legal document authorizing the purchase of and subsequent payment for materials, supplies, equipment, construction, repairs and services. The PO number is the control and reference number.

Purchases shall not be made without a PO being issued. Service providers shall not be given approval to initiate work by a department unless a PO has been issued and provided to the requesting department.

After-the-fact purchases of materials, supplies, equipment, or services that are not supported by an authorized requisition and PO will not be routinely paid. Additionally, the employee may be personally responsible for payment and/or a written reprimand. Purchasing will not process "after-the-fact" requisitions/invoices without the approval of the CAO or designee.

- Any employee who makes unauthorized purchases (without a purchase order) will be subject to disciplinary action, which may include termination.
- A purchasing Violation Form will be sent to any employee that makes an unauthorized or "after-the-fact" purchase. It is the responsibility of the Department Head to have the employee sign and the Mayor sign, within a reasonable time.



### *Annual (Blanket) Purchase Orders*

Annual POs are used for goods or services which are used throughout the year but for which the specific time a good or service will be needed is unknown until circumstances require the purchase of those goods or services.

Requisitions for annual POs must be clearly marked as “annual,” must contain a “not to exceed” amount, and must be submitted by January each year. The cumulative amount of purchases made under annual POs shall be tracked by the requesting department. The requesting department is responsible for ensuring that the annual PO’s “not to exceed” amount will not be exceeded prior to placing an order for goods or services.

### *Blanket Purchase Orders*

A Blanket Purchase Order is a purchase order which has been issued to a vendor against which multiple purchases may be made for a specified period of time. Similar to a regular Purchase Order, City department funds are obligated (i.e., encumbered) upon the establishment and issuance of a Blanket Purchase Order.

Blanket Purchase Orders are issued for supply-type commodities and services only to increase efficiency and productivity in the purchase of small dollar repetitive items.

### *Closing Purchase Orders*

Departments are able to close any POs that have a remaining balance but are no longer needed due to the fact that the goods or services described on the PO have been fully satisfied/completed.

To close a PO the following process is used:

1. Any department that intends to close out an open PO will need to contact Accounts Payable in the Department of Finance. The requesting department will need to provide information related to the PO they intend to close, such as the PO number, vendor, and the remaining amount of the PO. Additionally, the requesting department will need to provide written justification as to why the PO should be closed.
2. If the request is found acceptable, Accounts Payable will close out the PO, unencumber the remaining balance, and confirm PO closure with the requesting department. If the request is deficient for any reason, Accounts Payable will request additional information from the requesting department prior to the closure.

Only individuals from the requesting department authorized to execute requisitions (i.e. Authorized Signers) are allowed to submit a PO closure request. A request for closing a PO should not be requested by any department unless the department is confident that:

1. All goods or services have been received/completed
2. All backorders/substitutions/non-conforming goods are resolved
3. All vendor invoices are received.

The requesting department is responsible for ensuring that a PO closure is communicated accordingly to any individuals and/or vendors who need to be made aware the PO has been closed and can no longer be used, charged back, and/or invoiced against the PO.



## 4. Contracts / Agreements

### 4.1 Written Contracts

A written contract is a legally binding agreement that is entered into by two or more parties. All contracts and agreements are to be reviewed by the City Attorney and CAO prior to the Mayor's signature. A contract will be required based on the following goods or services and monetary contract value:

1. Professional Services - \$10,000 or greater
2. Non-Professional/Essential Services - \$10,000 or greater
3. Construction/Public Works - \$5,000 or greater
4. Service Agreements - Any amount
5. Land or Real Property - Any amount

To execute a contract, the following steps must be followed:

1. All contracts must be prepared by or in coordination with the Purchasing Agent. The Purchasing Agent will verify the content and funding availability and then circulate to the City Attorney and CAO for approval.
2. After the contract documents have been approved, Purchasing will secure the appropriate signatures from the vendor/service provider and City officials.
3. A PO will be issued once the contract has been fully executed by both the vendor/service provider and the City, and is received by Purchasing. The requesting department will be given the PO number and authorization to issue the NTP at that time.
4. Purchasing is responsible for the recordation of all contracts with the Clerk of Court's Office. The Clerk's Office returns copies of the recorded contract to the Department of Finance to maintain in its file.
5. One copy of the contract will be sent to the vendor electronically and via USPS with the original purchase order, one hardcopy to the Department of Finance, and one electronic copy to the requesting department.

### 4.2 Contract Change Orders

Generally, a change order is used in construction contracts to add additional work to a project, to delete an aspect of a project, or to add additional days to complete a project. A change order can also be used to increase or decrease the compensation to be paid to the contractor. When a proposed addition or change order to an existing public work contract is outside the original scope of the contract, it must be either negotiated or let by public bid rather than by change order to an existing contract.

The need for a change order to a particular construction contract may result from one or more of the following:

1. An error or omission in the original contract;
2. Differing site conditions, which may have previously been unknown prior to construction, and may require a change in design or materials;
3. Adding a new specification at the direction of The City of Covington;
4. Adding new items of work;
5. Resolving a dispute;
6. Changing the sequence of work;
7. During the course of the project, additional features or options are perceived and requested;
8. The project manager or engineer discovers obstacles or possible efficiencies that require a deviation from the original plan;
9. Other contractual changes.





No work on the proposed change order shall be authorized or performed prior to completion of the steps listed above. Purchasing is responsible for recording construction change orders when applicable.

#### 4.3 Contract Amendments

A contract amendment is used in professional, non-professional, and/or essential services contracts. Contract amendments are used to expand the scope of work to a project, to delete or amend an aspect of a project, or to add additional days to complete a project. A contract amendment must be supported by the basis for the amendment, anticipated additional cost, analysis of cost reasonableness and the requesting department's written recommendation for the amendment. Purchasing is responsible for recording contract amendments when applicable.

#### 4.4 Contract Renewals

When a department intends to continue service with a vendor/service provider, a contract renewal is required. It is the department's responsibility to monitor the contract term dates to ensure contract renewals are completed timely. Generally, renewing a contract requires correspondence by the requesting department and the vendor/service provider. This process should be initiated at least 30 days prior to the expiration of the existing term of service on the contract or agreement.

The following steps must be followed for a contract renewal:

1. The requesting department shall complete a "Contract Renewal Letter" confirming its intentions to renew the contract/agreement for a specified term and amount, and obtain the vendor/service provider's signature.
2. Upon securing the vendor/service provider's signature, a copy of the renewal letter should be kept on file with the requesting department, a copy provided to Purchasing to be kept in the purchasing file.

#### 4.5 Contract Cancellations

A department may request cancellation or termination of a contractor/service provider prior to the contract term or agreed upon task stated in the contract for various reasons. Some examples include: failure to perform, poor workmanship, lack of responsiveness to City requests, among others.

In the event that the department is considering cancelling a contract, the department should document all examples, events, actions, conversations, etc. that lead to the department's decision to cancel.

Before any action is taken by the department, the City Attorney shall be contacted to discuss what course of action can or should take place. This will also ensure that the proper and legal process is followed.

#### 4.6 Notice to Proceed

Notice to Proceed (NTP) is a notification letter from the City addressed to the contractor/vendor/service provider stating the date on which project work can begin. When a contract has officially been awarded, executed by both the City and the awarded contractor/vendor/service provider, and a PO issued by Purchasing, a NTP can be issued by the department.

The requesting department is responsible for issuing the NTP. Upon issuance and signature by the awarded contractor/vendor/service provider, a copy of the NTP should be kept on file with the requesting department, a copy provided to Purchasing to be kept in the purchasing file.



#### 4.7 Service Agreements

A service agreement is a contract with a given company to provide maintenance service on a piece of equipment or facility for a period of time. Usually agreements are let on an annual basis at a set monthly fee. To obtain an agreement on a particular piece of equipment or facility, the requesting department shall submit to Purchasing, a memorandum with the complete description of services required, and the equipment to be serviced and manufacturer's information.

Purchasing will determine the feasibility and cost effectiveness of obtaining a service agreement on the equipment. Service agreements should not be signed any department without first consulting with the City Attorney and receiving the proper authorization from the CAO.

#### 4.8 Lease Agreements

A lease agreement is a contract between a lessor and lessee that allows the lessee the right to the use of a property owned or managed by the lessor for a period of time. During the lease period, the lessee is responsible for the condition of the property. Lease agreements should not be signed by any department without first consulting with the City Attorney and receiving the proper authorization from the CAO.

#### 4.9 Grant Funding

When using Federal Grant Funds to purchase items, Departments can only purchase items that are listed within the Grant and RFP (If Bid Law requires a RFP). Items that are purchased with Grant Funds can **never** go to surplus, without prior approval from the Grant Accountant for the City. The Grant Accountant for the City will contact the grantor for approval to surplus.

### 5. Project Types

#### 5.1 Public Works

Public works projects are defined as the erection, construction, alteration, improvement or repair of any public facility or immovable property owned, used or leased by a public entity.

1. If the estimated cost is less than \$5,000, the lowest price is awarded by attempting to obtain a minimum of three written or emailed quotes.
2. If the estimated cost is at least \$5,000 but less than \$250,000, the lowest price is awarded by attempting to obtain a minimum of three written or emailed quotes and shall be let by standard City contract.
3. If the estimated cost is \$250,000 or greater, it must be advertised in the official journal and opened by sealed bid by the public entity and let by standard City contract through the City's contracting system (e-works).



Contracts will be awarded to the lowest responsible and responsive bidder who bid according to the bidding documents. The basic requirements for public works projects based on these amounts are illustrated below:

<i>Bonding</i>							
<i>Estimated Project Cost</i>	<i>Competition</i>	<i>Insurance</i>	<i>Bid Bond</i>	<i>Payment &amp; Performance Bond</i>	<i>State License</i>	<i>Written Contract</i>	<i>Employee Verification</i>
\$0 - \$5000		•					•
\$5,000 - \$29,000	Attempt to obtain 3 quotes	•				•	•
\$30,000 - \$49,999	Attempt to obtain 3 quotes	•	5% Bid Bond may be req'd	Mandatory 100% P&P Bond req'd		•	•
\$50,000 - \$249,999	Attempt to obtain 3 quotes	•	5% Bid Bond may be req'd	Mandatory 100% P&P Bond req'd	•	•	•
\$250,000 and up	Advertised and Bid	•	5% Bid Bond req'd	Mandatory 100% P&P Bond req'd	•	•	•

## 5.2 Professional Services

Professional Services means work rendered by an independent contractor who has a professed knowledge of some department of learning or science used by its practical application to the affairs of others or in the practice of an art founded on it, which independent contractor shall include but not be limited to doctors, dentists, psychologists, certified advanced practice nurses, veterinarians, architects, engineers, land surveyors, landscape architects, accountants, actuaries, planners, demographers and claim adjusters. A profession is a vocation founded upon prolonged and specialized intellectual training which enables a particular service to be rendered. The word "professional" implies professed attainments in special knowledge as distinguished from mere skill. [Definition provided by LA. R.S. 39:1484]

### *For Professional Service:*

All contracts for professional services over \$20,000 must be put out for public bid through the Request for Proposal (RPF) process in accordance with local ordinances. All proposals will be reviewed by a professional services review committee. A recommendation is then made to the Mayor. If the Mayor chooses a contract other than the contract recommended by the committee, the Mayor must provide, in writing, an explanations to the Council.

All contracts for professional services under \$20,000 may be chosen by the Mayor without the necessity of obtaining quotes.



*For all other services:*

At least three quotes are to be obtained for service costing between \$2,500 and \$9,999.99. At least three **written** quotes are to be obtained for services costing between \$10,000 and \$29,999. Bids should be solicited/obtained for services exceeding \$30,000.

Administration is to implement and monitor controls over contracts to ensure the services are necessary and that contracting out the service is the most cost-effective manner for accomplishing its objectives.

Also, Administration must ensure that:

1. An open and competitive atmosphere is to be provided when contracting for services
2. Contracts with related parties (family and business interest) are strictly prohibited.
3. Payments are made in accordance with the terms and conditions of the contract.
4. Contracts and related documentation are maintained in an organized manner in the Chief Administrative Officer's office.

The general procedures for professional services are:

1. All professional services in the amount of \$10,000 or more shall be let by standard City contract.
2. All professional services less than \$10,000 do not require a City contract and are processed by the department submitting a requisition.

### 5.3 Non-Professional / Essential Services

Non-Professional/Essential Services are typically service providers used by the City throughout the year. Some examples of these types of services include but are not limited to: window cleaning, grounds (lawn) maintenance, termite/pest control, janitorial services, generator and/or A/C maintenance, and elevator maintenance.

The general procedures for Non-Professional/Essential Services are:

- 1 All non-professional services in the amount of \$20,000 or more shall be let by standard City contract.
- 2 All non-professional services less than \$10,000 do not require a City contract and are processed by the department submitting a requisition.

When an RFP or RFQ is being issued:

- 1 The requesting department shall prepare and provide to Purchasing a list of those individuals designated by the department as the Evaluation Committee (EC), who will evaluate the RFP/RFQ submissions. Upon receipt of the submissions, the EC will perform their evaluations of the respondents' submissions.
- 2 Upon receipt and review of the completed evaluations by the EC, the requesting department will complete and indicate the recommended vendor based on evaluation results.
- 3 The CAO will confirm the vendor to be awarded on the Vendor Selection Form and return to the requesting department.



## **6. Additional Information / Other Requirements**

### **6.1 Advertisements**

When a public works project requires advertisement, it must be advertised in the City's official journal. Advertising in a paper with a larger circulation may be required, or multiple advertisement cycles may be required. Notifications are also made on the City's website. However, website postings do not eliminate the need for advertising in the official journal.

The advertisement shall be published once a week for 3 different weeks in the official journal. The first advertisement shall appear at least 25 days before the opening of bids. The first publication of the advertisement shall not occur on a Saturday, Sunday or legal holiday. Plans and specifications must be available to bidders on the day of the first advertisement and until 24 hours before the bid opening date. When attendance by bidders is mandated at a pre-bid conference, the date, place, and time of the pre-bid conference shall be stated in the first advertisement, as per La R.S. 38.2211.

### **6.2 City of Covington Website**

Notice of all competitive solicitations shall be posted to the City's website, [www.covla.com](http://www.covla.com). Addenda shall also be promptly posted on the City's website. Purchasing is responsible for uploading to the website. Publishing solicitations on the City website does not eliminate the requirement to advertise in the Official Journal.

### **6.3 Public Opening of Advertised Solicitations**

All advertised solicitations shall be publicly opened and read aloud. A representative of the City shall be present at each public opening.

### **6.4 Addenda**

The Department bidding is responsible for taking questions from contractors/vendors during the solicitation/advertising phase of a project. Answers will be published by "addenda" through the purchasing office. Each addendum published shall contain the original question as well as the City's response. All vendors who obtained bid or solicitation packages shall be provided with all addenda.

### **6.5 Extending the Bid or Solicitation Period**

Bid period may be extended up to 30 days through the issuance of an addendum without the requirement of re-advertising; however, if the addendum is issued within 72 hours of the advertised time of opening bids, opening of bids is extended for at least 7 but not more than 21 working days without the requirement of re-advertising. The addendum shall state the revised time and date of opening bids. A copy of the addendum shall be sent by regular mail or email to all prime bidders who have requested bid documents.

### **6.6 Time Limits**

Upon receipt of bids for a public works project, the City has 45 days to either accept the lowest responsible bidder or reject all bids. If the contractor has provided all necessary documents to the City within ten days of the opening of bids and no bid challenge has been submitted to the City, the contractor and the City shall execute the contract not later than 45 days from the City's acceptance of the lowest responsible bid. The awarded contractor is notified by Purchasing within 45 days.



Upon execution of the contract, the City, within 30 days thereafter, shall issue to the contractor a NTP. However, upon mutual, written consent by both parties, the NTP may be extended for one or more 30 day periods.

## 6.7 Bonding Requirements

### *Bid Guarantee*

A bid guarantee shall consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified. Contractors may be required to submit a bid bond in the amount of five (5) percent of the bid amount on projects of \$25,000 or more. A five (5) percent bid bond is mandatory for public works projects of \$250,000 or more.

### *Payment and Performance Bonds*

Contractors are required to submit a Payment and Performance Bond of not less than 100 percent of the project cost for public works projects costing \$25,000 or more. Payment Bond is a bond which assures payments, as required by law, to all persons supplying labor or material for the completion or labor and materials bond, of work under the contract. Performance Bond is a contract of guaranty executed subsequent to award by a successful bidder to protect the City from loss due to contractor's inability to complete the contract as agreed.

## 6.8 State License Requirements

Contractors are required to hold an appropriate State Contractors License to perform public works projects valued at \$50,000 or more.

# 7 Surplus Property

## 7.1 Surplus Property

Purchasing will contact various departments annually to confirm if departments have any materials/equipment that they deem no longer serviceable, obsolete, and/or no longer needed. Purchasing will compile a list and ultimately enter as a resolution for City Council approval.

Once the items are approved through Council resolution, the items are then considered surplus property and are offered for sale to the public by the City. A sale of the surplus property is scheduled via public auction through an auction house designated by the City.

If a department needs to have furniture or equipment moved, the department should contact Facilities Management and also notify Purchasing of their request. The items will normally be offered to other departments before being offered for sale to the public.

All surplus items will be handled by Purchasing and disposed of through a public auction process. Departments do not have the authority to dispose of City surplus property. Surplus items cannot be given to another organization or individual, nor can City employees purchase City surplus property.



- Items that are purchased with Grant Funds can **never** go to surplus, without prior approval from the Grant Accountant for the City. The Grant Accountant for the City will contact the grantor for approval to surplus.

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Mayor Mark R. Johnson